

MEMORANDUM

To: Potential Contract Administrator Bidders

From: Peter B. Meyer, Executive Director

Re: Responses to Bidders' Questions Regarding the Board's RFP for a Contract Administrator

Date: November 1, 2002

The Vermont Public Service Board ("Board") has received several questions from potential bidders regarding its Request for Proposals ("RFP") for a Contract Administrator ("CA"). Pursuant to Section 5.1.5 of the RFP, this memorandum lists all bidders' questions and the Board's responses to them.

- 1. What is the estimated split between true administrative function and that of brokering/mediation and or facilitation? Certain parts of the RFP indicate that much more of the latter three take a priority of the hours estimated to fulfill the contract. Do you have any indication that this has or has not been the history?*

When the CA position was originally created, the Board anticipated that dispute resolution would be a significant task. In practice, however, by far the majority of the CA's time has been spent on administrative activities, not on dispute resolution. The Board continues to expect that the CA will work to resolve any disputes that arise, as described more fully in the RFP. However, the Board anticipates that the majority of the CA's time will be spent on administrative activities.

- 2. What types of documents from the Energy Efficiency Utility ("EEU") does the CA review?*

The CA reviews a variety of documents from the EEU, including, among others:

- Detailed monthly invoices;
- Memoranda regarding any performance indicators which the EEU believes it has achieved, along with any associated deliverables and other supporting information; and
- Memoranda describing proposed changes to Program Implementation Procedures and the reasons for those changes.

3. *The RFP discusses cost/benefit analysis abilities as a requirement. I see no direct correlation to the required duties depicted within the RFP and cost/benefit analysis. Would you please provide examples of where this technical, formula-driven expertise is necessary? Is the Board looking for excellent cost comparison or true formula-based cost/benefit analysis?*

Section 1.4 of the RFP states, in relevant part, that "Vendors must be familiar with cost benefit analysis and assessment methodology." The CA will not be expected to perform extensive cost benefit analyses on his/her own. However, the CA will be expected to be familiar with such methodologies so that he/she can review any such analyses performed by either the EEU (in the course of its planning and implementation activities) or the Vermont Department of Public Service (in the course of its evaluation activities). The CA is expected to keep the Board informed of the EEU's performance through bi-monthly written reports; the CA must be able to use his/her professional judgment regarding whether information in any cost/benefit analyses should be brought to the Board's attention. In addition, as described in Section 2.11 of the RFP, the CA will be expected to advise the Board in its 2005 contract negotiations with the entity selected to serve as the EEU. In the past, this has included assisting the Board with cost/benefit analysis related to the establishment of performance indicators for the EEU. Similar assistance may be requested by the Board in 2005.

4. *Do the Board and the current CA utilize interactive media for meetings with the City of Burlington Electric Department Inc. ("BED"), in its contractual capacity with the Board, other Vermont utilities, distribution companies, or the general public? If so, what is the average attendance at remote sites?*

First, this question is slightly confusing. The Board does not have a contract with BED. Since BED is a regulated electric utility, the Board's relationship with BED is the same as that with all the other electric utilities in the state. The Board has authorized BED to deliver most of the statewide efficiency services in its service territory in a Board decision, not in a contract between BED and the Board.

Setting that issue aside, the question focuses on whether the Board uses interactive media for meetings related to the EEU. The answer is "rarely." Recently the Board used five of the Vermont Interactive Television's sites for a public hearing in a docket opened to establish the methodology for the Energy Efficiency Charge in the year 2003 (the Energy Efficiency Charge is the mechanism for collecting the money which funds the EEU). Four members of the public spoke at this public hearing. Virtually all meetings between the CA and the EEU, the Department of Public Service, and the distribution utilities are either in person, or via conference call. To the best of the Board's knowledge, the CA has never organized a meeting with the general public, either in person or via interactive media.

5. *How much "face time" is the CA expected to spend with stakeholders?*

The RFP does not include a specific requirement regarding the amount of time the CA should spend with stakeholders; the Board expects that the vendor selected to serve as the CA will be

available for in-person meetings on a fairly regular basis. The current CA meets in person with appropriate personnel at the EEU once a month to review the EEU's invoice, attends Technical Advisory Group meetings at least once a quarter (or more frequently if needed), attends EEU Advisory Committee meetings at least quarterly, and attends a variety of other in-person meetings that are scheduled on an as-needed basis throughout the year. In addition, during the Board's recent contract extension negotiations with the EEU, the current CA attended weekly in-person negotiation sessions. The CA also attends occasional meetings at the DPS and may be requested to attend Legislative hearings during the Legislative session.

6. *Sections 1.4 and 2.13 of the RFP state that the Board estimates the time necessary to perform the CA's duties will be an average of 24 hours per week, but could be greater during certain times. Other sections of the RFP indicate that the actual amounts of service rendered shall be billed. Based upon the existing contract and hourly rate, does the selected vendor bid for 24 hours per week? How are additional hours compensated? How are mileage and other actual expenses invoiced? It does not appear that they come from the current contract amount. Does the Board reimburse from a separate account?*

Under the current contract, the CA submits invoices only for actual hours worked, not for exactly 24 hours per week. In some weeks the CA works (and bills for) less than 24 hours, in other weeks the CA works (and bills for) more than 24 hours. When the hours shown on all the invoices received from the CA since the position was first created almost three years ago are averaged over the entire time period, the result is slightly under 24 hours per week. The Board expects the workload during the new contract period to be similar, hence its estimate that the CA will need to spend an average of 24 hours per week to adequately perform his/her duties.

The vendor selected as the CA as a result of this new RFP will be expected to use a similar invoicing process.¹ As stated in Section 3.6 of the RFP, the CA will submit invoices only for actual hours worked. The "additional hours" may be included on the CA's regular invoices, and the CA will be eligible to be compensated for those hours at the CA's regular hourly rate, provided the additional hours will not cause the CA to exceed the maximum amount of the contract.

Mileage and other reasonable and necessary expenses are included on the current CA's regular invoices. These expenses are included in the maximum amount of the contract, and the Board does not reimburse these expenses from a separate account. The vendor selected as a result of this RFP will be expected to include mileage and other reasonable and necessary expenses on his/her regular invoices, and the CA will be eligible to be compensated for these expenses, provided such compensation will not cause the CA to exceed the maximum amount of the contract.

1. In answering this question, the Board assumed the question asked was "does the contractor *bill* [as opposed to "bid"] for 24 hours per week." If that assumption was incorrect, and the potential bidder intended to use the word "bid" in the question, the Board responds that it is up to the contractor to decide how to formulate its cost proposal in its response to the RFP.

7. *In the current contract the approved amount total and the signature page have different amounts. Which is the correct figure?*

The Board's current contract with the CA has been amended twice, and the maximum amount of the contract was increased each time. We believe this question refers to the two-year maximum amount included in Amendment 1. The correct amount is \$273,344; the incorrect figure transposed two digits. The three-year maximum amount included in Amendment 2 of \$415,632 is the same in both places.

8. *If the state is not a liable party to any actions against the CA, why are the auto insurance limits prescribed?*

All the insurance requirements listed in Attachment E to the RFP are standard state contracting requirements. The Board may not modify any of the insurance requirements without the permission of other state agencies. These agencies evaluate requests to modify insurance requirements on a case-by-case basis, and have occasionally granted the Board permission to modify the requirements. The Board has not asked whether it may modify any of the insurance requirements for the CA, and the current CA contract includes all the standard state insurance requirements listed in Attachment E to the RFP.

9. *Must the CA reside in Vermont?*

No, the CA does not need to reside in Vermont. However, the CA must be able to come to Vermont for in-person meetings on a fairly regular basis, as described in the response to Question 5.

10. *It appears that, to date, the Board has been satisfied with the current CA's performance. The annual contract extensions seem to validate this assumption. Why is there an RFP at this time rather than an additional extension?*

There are two reasons the Board is issuing a new RFP now rather than extending the current contract. First, the original RFP for a CA stated that the contract would be for one year, with the possibility of extending the contract for up to two more years. We have reached the end of that time period, so state procurement regulations require the Board to issue a new RFP. Second, and more importantly, it is good business practice to periodically examine all one's options for obtaining services, particularly before entering into a new three-year contract (with the possibility of renewal for an additional three years). The Board will give equal consideration to all complete proposals received in response to the RFP, and will decide among them using the evaluation criteria described in Section 4 of the RFP.